





TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

November 8, 2010

TO: Internal File

THRU: Steve Christensen, Hydrologist and Team Lead 

FROM: James Owen, Engineer 

RE: Midterm Permit Review, Genwal Resources, Inc., Crandall Canyon Mine, C/015/0032, Task ID #3614

SUMMARY:

According to the R645 Utah Coal Rules, the Division is required to review each active permit during its term. The Division commenced a midterm review for the Crandall Canyon Mine (Permitee) on September 15, 2010. As a part of this process, the Division performed a review of the Permitee's bond to ensure that it is in order and that the cost estimate is accurate and is escalated to the appropriate year dollars.

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TECHNICAL ANALYSIS:

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

According to Division records, the Permittee currently has two separate bonds posted totaling an amount of \$2,062,000.00

Determination of Bond Amount

The reclamation cost estimate which is approved and incorporated into the current Crandall Canyon mining and reclamation plan has not been updated to current (2010) unit costs. Current unit costs are used to calculate the direct costs of reclamation including demolition, backfilling and grading, and revegetation. These updates should be provided using the 2010 data from R.S. Means *Heavy Construction Cost* data manual and the Caterpillar Handbook or other appropriate resources.

In accordance with the requirements of **R645-301-830.140**, the Permittee must provide updated information in terms of "detailed estimated cost, with supporting calculations for the estimates, submitted by the permit applicant".

Currently, the Utah Board of Oil, Gas & Mining (BOGM) is in the process of reviewing the details concerning Division Order 10A (DO10A), which pertains to Crandall Canyon mine water discharge and the related bonding adequacy. The requirements of this midterm permit review do not include the issues concerning DO10A. For this midterm review, updated bonding estimates should include all other reclamation requirements for the disturbed areas located within the permit boundary as defined in the approved mining and reclamation plan. For details concerning DO10A, the Division will revisit the issue of bonding adequacy for Crandall Canyon after the Board has completed its review

Findings:

The Permittee must provide updated direct cost estimates for the demolition, backfilling and grading, and revegetation work associated with the disturbed areas located within the permit boundary. The Division cannot initiate a complete review until updated information is provided.

RECOMMENDATIONS:

Approval is not recommended at this time.